

Message Text

SECRET

PAGE 01 HONG K 12380 140414Z

15

ACTION EA-06

INFO OCT-01 SS-14 ISO-00 EUR-08 INR-05 SP-02 PM-03 PRS-01

EB-03 SAM-01 RSC-01 /045 W
----- 099766

R 140115Z NOV 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2864

INFO AMEMBASSY MOSCOW

USLO PEKING

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

CINCPAC HONOLULU HI

S E C R E T HONG KONG 12380

LIMDIS

NOFORN CINCPAC FOR POLAD

E.O. 11652: XGDS-2

TAGS: PFOR, CH, KN, KS, UR

SUBJECT: PRC-SOUTH KOREA PEPPER SALE DEVELOPMENTS

REF: A. HONG KONG 12040; B. SEOUL 7379

SUMMARY. RECENT NEWS STORY RE POSSIBLE SALE OF RED PEPPERS BY PRC TRADING FIRM IN HONG KONG TO SOUTHKOREA HAS EVOKED NCNA ARTICLE CLAIMING THAT STORY WAS SOVIET FABRICATION TO MASK SOVIET-ROK COLLUSION AGAINST KOREAN PEOPLE. MEANWHILE PRC TRADE CONTACTS IN HONG KONG WITH WHOM ROK BUSINESSMEN HAD STARTED DIALOG HAVE REACTED VERY ADVERSELY TO NEWS STORY AND TRADE CONTACTS APPEAR TO HAVE BEEN BROKEN OFF. END SUMMARY.

1. REACTING TO NEWS STORIES RE PRC-ROK PEPPER SALE (REFTELS), PEKING'S NCNA NOVEMBER 9 ISSUED LENGTHY ARTICLE CHARGING SOVIET FABRICATION OF STORY AS COVER UP OF ACTUAL SOVIET COLLABORATION WITH "PAK JUNG HI CLIQUE" AGAINST INTERESTS OF KOREAN

SECRET

SECRET

PAGE 02 HONG K 12380 140414Z

PEOPLE. CATALOGING VARIOUS 1973-74 JAPANESE AND ROK MEDIA REPORTS,

THE ARTICLE CITED LONG LIST OF ALLEGED SOVIET-ROK CONTACTS WHICH PROVED "SECRET COLLUSION." THE LIST INCLUDED VARIOUS CULTURAL AND TRADE ROK VISITS TO USSR AND VICE VERSA INVOLVING SOVIET ISSUANCE OF VISAS AND "WARM" SOVIET RESPONSE TO SOUTH KOREANS. NCNA CHARGED MOREOVER THAT "THERE HAVE LONG BEEN CLANDESTINE CONTACTS" BETWEEN SOVIET DIPLOMATS AND ROK OFFICIALS STATIONED IN FOREIGN COUNTRIES. SUCH ACTIONS WERE PART OF SOVIET "COLLUSION WITH PAK CLIQUE" AND WHEREAS SOVIETS HAD "NOT DARED" TO GIVE CLEAR-CUT SUPPORT TO DPRK KIM IL SOONG'S FIVE-POINT PROGRAM FOR THE INDEPENDENT AND PEACEFUL REUNIFICATION OF KOREA, THEY HAD WARMLY RESPONDED TO PAK'S REQUEST FOR AN "OPEN DOOR." ARTICLE DECLARED THAT IN CONTRAST PRC HAD CONSISTENTLY SUPPORTED KOREAN PEOPLE ON REUNIFICATION AND CONCLUDED THAT "WE HAVE NEVER HAD AND NEVER WILL HAVE ANY CONTACT WITH PAK JUNG HI CLIQUE. WE MEAN WHAT WE SAY."

2. DISCUSSING ARTICLE WITH U.S. CONGENOFF, ROK CONGENOFF JOSEPH KEI YOUN LEE STATED REACTION OF PRC TRADE CONTACTS TO SEOUL NEWS STORY HAD BEEN EXTREMELY UNFAVORABLE. THUS INITIALLY ENCOURAGING PRC RECEPTION TO A POSSIBLE TRADE DEAL (REFTEL A) HAD NOW TURNED VERY COLD. THIS HAD BEEN CONVEYED IN NO UNCERTAIN TERMS TO THE ROK BUSINESSMEN COUNTERPARTS, WITH CHINESE CONTACTS HAVING DENOUNCED THE NEWS STORY AS INEXCUSABLE. MOREOVER, WHEREAS IN INITIAL STAGES ROK BUSINESSMEN HAD THOUGHT A SETTLEMENT PRICE FOR PEPPERS SOMEWHERE BETWEEN US\$560 AND US\$590 PER TON WAS POSSIBLE, THE CHINESE QUOTATIONS NOW WERE OVER US\$700 PER TON. AT SUCH PRICE THERE WOULD BE NO ECONOMIC REASON TO PROCEED, AS SUPPLIES FROM THAILAND OR INDONESIA EASILY AVAILABLE. LEE SAID IN FACT IT WAS NOW HIGHLY UNCERTAIN WHETHER THE PRC CONTACTS WERE WILLING TO SEEL AT ALL. THE OUTLOOK WAS BLEAK AND THE CONTACT MAY HAVE BEEN BROKEN.

3. LEE ADDED THAT THE NCNA ARTICLE CHARGING TASS FABRICATION SHOWEC CLEARLY HOW ACUTELY SENSITIVE PEKING WAS ABOUT THE REPERCUSSIONS ANY PRC-ROK CONTACTS COULD HAVE UPON PRC RELATIONS WITH NORTH KOREA RESULTING IN SOVIET GAIN. HE VIEWED THE SEOUL NEWS LEAK AS HIGHLY DAMAGING TO THE INITIAL PRC-ROK TRADE CONTACTS IN HONG KONG AND EXPRESSED CONCERN THAT HE PERSONALLY WOULD BE HELD RESPONSIBLE BY SEOUL FOR THE LATEST ADVERSE DEVELOPMENTS, ALTHOUGH LEAK HAD NOT APPARENTLY COME FROM THE ROK BUSINESSMEN

SECRET

SECRET

PAGE 03 HONG K 12380 140414Z

INVOLVED. NOTING THAT INFORMATION RE PRC-ROK CONTACTS WOULD BE OF CONSIDERABLE INTEREST TO NATIONALIST CHINESE SOURCES IN HONG KONG AND PREJUDICIAL TO SEOUP-TAIPEI RELATIONS, LEE AGAIN ASKED SUCH INFORMATION BE TIGHTLY HELD. PROBABLY KEEPING IN MIND THAT PRC CONTACTS MIGHT BECOME REACTIVATED, LEE WOULD NOT DISCLOSE ANY INFORMATION RE PRC TRADING CONTACTS, CONTENDING THAT HE HAD NOT CONCERNED HIMSELF WITH ANY OF THE DETAILS NOR PERSONALITIES

INVOLVED.

4. AS FOR ROK EXPRESSION OF APPRECIATION TO PRC FOR RETURNING
ROK FISHERMEN (SEOUL 7378) LEE SAID HE HAD RECENTLY APPROACHED
HONG KONG GOVERNMENT FOR ITS GOOD OFFICES BUT BRITISH HERE
DID NOT WANT ANY SUCH INVOLVEMENT AS ANOTHER VENUE WAS LIKELY.
CROSS

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, PRESS COMMENTS, TRADE, FLAVORINGS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974HONGK12380
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X2
Errors: N/A
Film Number: D740328-0191
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741144/aaaablidd.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: A. HONG KONG 12040; B. SEOUL 7379
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUN 2002 by boyleja>; APPROVED <18 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRC-SOUTH KOREA PEPPER SALE DEVELOPMENTS
TAGS: PFOR, CH, KN, KS, UR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005